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To: David Scholefield, Chairperson
Tourism Development Commission

From: Steve Geiogamah, Tourism Development Manager

Date: November 15, 2016

Subject: CRUSHBREW Festival Event Sponsorship

At the October 18 TDC meeting the 2017 CRUSHBREW Festival event funding proposal was presented to the commission for review. The event producer West 54 LLC requested \$35,000 in support of the event. Following a presentation and discussion the commission provided a funding recommendation in the amount of \$5000.

Current New Event Development guidelines approved by the commission at the June 21 TDC meeting calls for a minimum \$30,000 or maximum \$75,000 funding recommendation.

The commission is requested to reconsider the CRUSHBREW Festival event funding recommendation in order to observe current new event development guidelines.

Analysis & Assessment

The following is event information presented to the commission at the October 18th meeting.

The two day festival will take place on February 18-19, 2017 on the Scottsdale Waterfront. The CRUSHBREW Festival has been developed to appeal to the millennial consumer and the producer is planning on providing a multi-faceted, experiential, and destination event. The event is targeting toward the millennial attendee as over one third of craft beer is consumed by millennial.

CRUSHBREW participants are boutique wineries, craft breweries, craft distilled spirits, and hard cider producers from Arizona and throughout the United States. A total of 80 types of beverages will be available.

The Scottsdale destination will be a primary sponsor and will be identified as the events destination in all festival branding and messaging. This branding effort will include all event press and PR.

Pre-event sponsorship and participant sales outreach has spotlighted Downtown Scottsdale and its unique destination assets. The event producer is planning on an extensive digital and social media campaign to reach consumers and visitors.

The event producer is estimating to spend \$52,000 toward event marketing of which \$25,000 will be targeted toward national and regional efforts.

Attached is the Bruce Skinner and Associates report which provides media impact and benefits associated with a proposed event sponsorship.

Funding Availability & Potential Options

Pending TDC discussion, the following are options for consideration:

- 1) Recommend new event development funding for all or part of the requested amount of \$35,000 to a minimum of \$30,000.
- 2) Recommend no funding toward the event sponsorship request.

Alternatively, if there are additional questions or information needed for further consideration, staff will proceed accordingly.



2017 CRUSHBREW Craft Beverage Festival Scottsdale Waterfront Review of the Event & Tourism Impact

Situational Analysis

The CRUSHBREW Craft Beverage Festival will be held Feb. 18-19 in 2017 on the Scottsdale Waterfront – from Southbridge along the Canal to Soleri Bridge.

The Festival is targeting the millennial consumer as part of an event that is a multi-faceted, experiential, destination weekend. It definitely appeals to that generation – over one-third of craft beer is consumed by millennials, and they are 38 per cent more likely to drink the product.

In addition to craft beer providers, CRUSHBREW participants will include boutique wineries, craft distilled spirits and hard cider producers, coming from six states and Italy. In addition to the 80 beverages, festival participants will include local and regional artisan food purveyors as well as local and regional chefs.

Driven by the millennial age group, the demand for live experiences has increased by 70 percent. FOMO – “Fear of Missing Out” – drives the millennials’ experiential appetite. In a world where life experiences are broadcast across social media, FOMO drives millennials to be adventurous. Craft beer is made from a brewery which is small and independent - it’s anything but your typical Budweiser or Coors. Millennials support businesses that have the power to make a difference in their life.

The CRUSHBREW Craft Beverage Festival is requesting \$35,000 in sponsorship from the City of Scottsdale Event Development Funding Program. For that, it will promote Scottsdale as the event’s destination and provide other benefits.

Pertinent Questions

1. Regarding attendance, how many fans are anticipated to be true visitors, or travelling from outside Maricopa County?
2. What’s the projected economic impact and how many room nights will be generated?
3. How will marketing dollars be spent inside and outside of Maricopa County to promote the event?

4. How will Scottsdale be promoted and branded in pre-event marketing and publicity?

General Assumptions

- The City of Scottsdale will be a primary sponsor, receiving recognition in all Festival media support – print, broadcast, social and digital. The CRUSHBREW Craft Beverage event branding will incorporate the City of Scottsdale and Scottsdale Waterfront as the festival destination across all event messaging.
- Because it is a great experiential event, attendees will have the opportunity to try products from the fast developing craft beverage industry.
- Although there are many events that feature craft beers, organizers say that the Scottsdale event is the first consumer festival in the U.S. to celebrate products across all beverage categories – wineries, craft beers, artisan distilled spirits and hard cider.
- The CRUSHBREW Festival falls under the City’s “Culinary” and “Art and Culture” categories.

Economic and Media Impact

The CRUSHBREW Festival has established a partnership with the W Scottsdale. A package has been created that includes VIP tickets for two to the event, a preferred hotel rate at the W Scottsdale, and an exclusive invitation to the “Maker” Celebration at the W following the conclusion of the festival.

However, it is questionable if this event will generate much in the way of economic impact. According to event organizers, there were 4,200 attendees for the inaugural event last year, with only 200 room nights generated for hotels across the Valley.

They expect the event to increase to 6,000 attendees and 500 room nights in 2017. With only a limited amount of promotion and traditional media being placed outside of the metro area, there will probably be modest growth in the number of hotel room stays. And without a developed brand, it is doubtful that people will travel for the event.

On the promotion side, CRUSHBREW has developed an extensive media plan including broadcast, print, digital, and social – the latter being an important category for a millennial event that is embracing “Fear of Missing Out” behavior.

Organizers are making a significant investment with local CBS Radio, which will provide Scottsdale with a heavy dose of exposure via that medium (\$22,500 in cash, \$153,000 in trade). Other local/ regional cash/trade investments will be made with Phoenix New Times, Google Adwords, Facebook, Local Wine Events, and Phoenix Magazine. National buys will be made with

Brewers and Decanter Magazine (\$11,100 in trade in-kind value) and Tasting Panel and Wine Enthusiast (\$5,136 in purchased media).

The Festival also says that banner ads will be placed across industry related websites in the digital category (3 million impressions), and that an aggressive social media campaign will be conducted (5 million impressions). Organizers say that they will also conduct email marketing and public relation campaigns.

Summary

The event is an innovative one, as it will feature all craft beverages, instead of just beer. However, it is mostly a local affair and will do little to promote Scottsdale's overall image and its "product" outside of Maricopa County. Therefore, it also won't increase national or international visibility for Scottsdale as a desirable tourist destination to hotel and resort visitors. Many out of the area visitors who attend the event are probably in town for another reason.

However, organizers have put together a media plan that will generate exposure in the State of Arizona for Scottsdale, especially since the city will be listed as a destination.

Although it lacks television, it is a well-rounded plan that includes print, digital, social, email and especially radio. It also has the potential to generate impressions for Scottsdale in public relations efforts, as it does have news value.

There will be economic impact generated by visitors from other cities in Maricopa County and the rest of the State, who might dine and spend money in other retail establishments before/after the event, thus generating sales tax.

Respectfully submitted,

Bruce Skinner and Associates